

Hearing Date: September 9, 2009 @ 10:00 a.m.
Objection Deadline: September 3, 2009 @ 4:00 p.m.

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (BRL)

SIPA Liquidation

**RESPONSE OF THE SONNENSCHN INVESTORS TO MOTION FOR ORDER
SCHEDULING HEARING ON “NET EQUITY” ISSUE**

The investors (the “Sonnenschein Investors”)¹ in Bernard L. Madoff Investment Securities LLC (“BLMIS”) represented by Sonnenschein Nath & Rosenthal LLP (“Sonnenschein”) file this response to the Motion of the Trustee For An Order To Schedule Hearing on “Net Equity” Issue (the “Trustee’s Motion”) and respectfully states as follows:

1. The Sonnenschein Investors support the Trustee’s Motion. Although there are a number of issues to be resolved in connection with allowance of investor claims, the net equity issue is a key for claim determination in this case and certainly due for adjudication by the Court in the organized fashion proposed by the Trustee.

¹ For purposes of this response, Sonnenschein represents the following: Marsha Peshkin IRA, Michael Mann and Barry Weisfeld, each of whom have received determination letters that will be contested.

2. That said, with the respect to the net equity issue, the Sonnenschein Investors request that the Trustee add to the scope of the issue for the Court's determination the method of valuing transfers from one BLMIS account to another BLMIS account. The Trustee currently calculates such transfers in accordance with the "money in versus money out method" he uses for determining allowed claims, as opposed to crediting the transfer in the accordance with the investors' account statement. Because of Bernard Madoff's extraordinary control over the number and ownership of accounts, as well as the personal interests of the investors, there are a number of individuals and families that made transfers between accounts. These transfers impact the allowance of the customers claims.

3. In addition, the Sonnenschein Investors propose a change to the schedule to reduce the briefing time. The Trustee proposes that he and the Securities Investor Protection Corporation file their opening briefs on October 16, 2009; all objecting claimants and other interested parties file their briefs on or before November 13, 2009; all interested parties supporting the Trustee's position file and serve their briefs by December 11, 2009 and there are two separate dates for replies by objectors and the Trustee. The schedule can be shortened by approximately one month if both objectors and supporters are required to file their briefs by November 13, 2009 and all replies may be due on or about December 15, 2009. This proposed change affords both sides a full and equal opportunity to present their positions.

Dated: September 2, 2009
New York, New York

SONNENSCHN NATH & ROSENTHAL LLP

By: /s/ Carole Neville
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CERTIFICATE OF SERVICE

Carole Neville, the undersigned certifies that on September 2, 2009, I caused a true and correct copy of the **Response Of The Sonnenschein Investors To Motion For Order Scheduling Hearing On “Net Equity” Issue** to be served upon the parties listed on the attached service list via electronic mail as indicated therein.

/s/ Carole Neville

Carole Neville

SERVICE LIST

VIA ELECTRONIC MAIL

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